



Title: Employment and Training Issue Update #5, February 1985

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EMPLOYMENT AND TRAINING ISSUE UPDATE

This month's Employment and Training Issue Update reports on the findings of the Round II independent sector analysis of the Job Training Partnership Act (JTPA) performed by the firm of Grinker-Walker and Associates. JTPA is receiving a mixed review: though the private-sector has been effectively incorporated into the JTPA decision-making process, and most participation and placement rates have been met, especially for welfare recipients, grave problems exist in the delivery of services to youth and dropouts.

The JTPA Monitoring Report highlights one of the conclusions drawn by the Grinker-Walker report -- the 15% allocation for supportive services is not being spent by Service Delivery Areas (SDAs) thus preventing the severely economically disadvantaged from participating in JTPA training programs. The JTPA Monitoring Report illustrates the problems faced by two community-based organizations in Texas which run youth programs, but are experiencing difficulties in recruitment and placement.

A section on the proposed fiscal year 1986 budget allocations for JTPA shows that the Job Corps is targeted for complete elimination, in addition to decreases in funding in the summer youth and dislocated workers program. Overall, JTPA will remain funded at limited amounts.

New employment and training legislation in the 99th Congress is also highlighted. However, the legislation is not new: Rep. Augustus Hawkins (D-CA), Chairman of the House Education and Labor Committee, has reintroduced the Community Renewal Employment Act and the Youth Incentive Employment Act. Both bills were not acted upon in the 98th Congress though prospects are brighter this year. Both bills target funds to the economically disadvantaged by providing employment opportunities to long-term unemployed individuals and disadvantaged youth.

Finally, a section on the status of the Hispanic workforce indicates that unemployment remains a serious problem in the Hispanic community. Double-digit unemployment for the Hispanic community was prevalent throughout the entire year of 1984, and Hispanic unemployment still remains 60% higher than that of the White population.

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GRINKER-WALKER STUDY -- ROUND II

I. Preliminary Findings

Information about the early implementation of the Job Training Partnership Act (JTPA) is slowly becoming available. The second phase of an independent evaluation of JTPA by Grinker, Walker and Associates, during the nine-month transition period, reflects both positive and negative outcomes. On the positive side is the fact that the private sector has been effectively incorporated into the JTPA decision-making process; most participation and placement rates have been met, especially for welfare recipients; and there is an improvement in the coordination between the welfare and training sectors. However, some negative aspects are equally highlighted, such as the failure to target and serve youth and dropouts effectively; general effects of "creaming" caused by a lack of funds and an emphasis on short-term, low-cost training; and insufficient spending on supportive services.

The National Council of La Raza analyzed the Round I surveys done by the firm of Grinker-Walker (see NCLR Issue Brief, "A Review of the Implementation of the Job Training Partnership Act: The Implications of the Grinker-Walker Report for Hispanics", July 1984). The Council will analyze the Round II data as soon as the study is available to the public. In the meanwhile, the following points, presented by Gary Walker in a recent meeting, illustrate some problems related to the delivery of JTPA services:

- . On average, Service Delivery Areas (SDAs) are spending only 26% of funds on youth, rather than the mandated 40% expenditure;
- . Less than half the SDAs have used any of the set-aside JTPA funds for youth or dropout programs;
- . 70% of sites interviewed have spent less than 10% of their money on supportive services, contrary to the intent of the act, which provides a 15% allocation for supportive services;
- . 75% of the SDAs interviewed are not meeting their goals to equitably serve dropout youth, as required by the act.

JTPA MONITORING REPORT

I. Introduction

One of the disturbing conclusions of the Grinker-Walker Round II report is that SDAs are spending minimal funds for the provision of supportive services. Unlike the Comprehensive Employment and Training Act (CETA), JTPA does not allow stipends, making it difficult, and sometimes impossible, for the severely economically disadvantaged to participate. SDAs are faced with difficult administrative choices in determining what percentage of funds to allocate to

supportive services, and what particular services to cover. These choices are to some extent indicators of SDA intent to serve those most in need, since it is generally agreed that the most disadvantaged people will, on the average, have greater needs for supportive services.

Since the most economically disadvantaged individuals will require greater supportive services, an SDA may seek a waiver of the 15% supportive services cap according to Section 108 of the JTPA statute. However, the waiver can be requested only by the Private Industry Council (PIC) after the needs and justifications for the waiver are stated in the job training plan. Unfortunately, early studies on JTPA Implementation indicate that waivers are not being requested by the PICs and that the full 15% allocation is not being spent on supportive services. Round I of the Grinker-Walker surveys show that only three of 57 sample PICs (5% of the total sample) requested an increase in supportive services and needs-based payment costs. Round II of the Grinker-Walker surveys show that 70% of SDAs surveyed have spent less than 10% of their funds on supportive services.

Even if an SDA requests a waiver, it still must meet the performance standards established by the Secretary of Labor. However, the likelihood of meeting these performance standards, which place a premium on short-term training, minimal costs, and high placement and retention rates, is slim when dealing with severely economically disadvantaged individuals in need of supportive services, basic skills remediation, and longer training programs. Furthermore, SDAs are indirectly pressured to serve the most job-ready with least need of supportive services because underperformance by SDAs will require corrective actions by the State, in the form of special technical assistance or, if necessary, reorganization. Conversely, overperformance by SDAs will be rewarded by JTPA funds earmarked for incentive grants. Therefore, it is possible that the job training plans of SDAs may not include an adequate allocation of funds for supportive services or a request for a waiver of the supportive services cap because of a concern by SDAs that disadvantaged individuals in need of greater supportive services will not aid in meeting the performance standards. In essence, the 15% supportive services allocation and the waiver of the supportive services cap are limited attempts to incorporate the severely economically disadvantaged individuals into the JTPA employment and training system. The following case studies reflect the difficulties faced by JTPA service providers in serving targeted population groups without adequate supportive services.

11. McAllen Women's Employment and Education Program, McAllen, Texas

The McAllen Women's Employment and Education Program is primarily funded by ACTION and by the County of Hidalgo, Texas. However, the program has received a small \$15,000 JTPA performance-based contract. This JTPA contract is to provide employment readiness training for 15 AFDC youths. According to the program's Executive Director, these youths lack marketable skills and face many barriers to employment. The high unemployment rate (over 25%) in the area, in addition to the lack of supportive services, contributes to the difficulty in implementing this contract. So far, only five youths have been placed, and the McAllen Women's Employment and Education Program has received only \$5,000 of the \$15,000 in JTPA contract funds.

The JTPA contract makes no provision for supportive services. The Hidalgo County PIC, faced like many other PICs in the nation with difficult administrative choices imposed by limited funds, has not set aside money for

these services. According to the PIC liaison, the PIC seeks linkages with other state and local programs for the provision of supportive services, such as the Texas Department of Human Resources, which provides health and day care. The PIC, however, has allocated some money for transportation costs and needs-based payments of \$2.35 an hour for classroom training.

III. Association for the Advancement of Mexican Americans,
the George I. Sanchez JTPA Program, Houston, Texas

The George I. Sanchez JTPA program is a \$176,000 performance-based contract. As of December 1984, \$41,000 had been received in the form of advance payments. However, the remaining money will be reimbursed only when the performance standards have been met. The George I. Sanchez JTPA Program is a two-pronged program composed of basic educational services and an employability training (World of Work) component.

Performance standards are crucial in determining the amount of reimbursement of expenses under a performance-based contract. The educational component is serving 44 youths, who also participate in the World of Work training. Since job placement is not required under this component, and thus will not hinder performance, the performance standard will be met.

Unlike the educational services component, the contract provisions governing the World of Work component require placement in unsubsidized jobs as a measure of performance. The youth recruited under this component participate only in the employability training (40-60 hours), but do not participate in the educational services component. Thus, youth who lack basic educational skills are to be placed in unsubsidized jobs if the World of Work program is to be deemed a success.

Forty youths were to be recruited; however, only 30 have been served. According to the Executive Director of the program, these severely economically disadvantaged youths lack the financial incentive to participate in or complete the World of Work training. Since JTPA prohibits stipends, the problems involving recruitment are exacerbated.

In addition to recruitment problems, the World of Work program is also experiencing difficulties in placing youths in unsubsidized employment. As noted earlier, placement is the measure of successful performance for the World of Work program. Noting that the JTPA performance-based contract will result in a financial loss for her community-based organization, the Executive Director of the program states, "We're going to lose money. We will be lucky if we have a 20% placement rate." The youths participating in the component are in urgent need of remedial education. Unless that is provided first, placement in the private sector will never be possible. As succinctly summarized by the Executive Director, "Forty hours of World of Work training will not offset 17 years of sub-standard education and lack of self-esteem. These youths will become the structurally unemployed of the future unless long-term remedial sessions are provided for them."

EMPLOYMENT AND TRAINING BUDGET FOR FISCAL YEAR 1986

I. 1986 Budget Allocations for the Job Training Partnership Act

The proposed Fiscal Year (FY) 1986 budget allocations for the Job Training Partnership Act (JTPA) reflect the limited funding that has

characterized this legislation since its inception in 1983. Overall funding for FY 1986 could be lower than the \$3.8 billion for FY 1985 due to the Administration's proposed decreases in the summer youth program and the complete elimination of the Job Corps program.

For Title II-A (the principal JTPA title which deals with economically disadvantaged adults), proposed funding remains at the same FY 1985 figure of \$1.8 billion. For Title II-B (summer youth program), the FY 1986 budget proposal requests a decrease in funding of \$100 million. For Title III (dislocated workers program), the budget proposal seeks a decrease of \$3 million.

The Job Corps, a seminal program established in 1964 as part of the Johnson Administration's War on Poverty, has been targeted for elimination. The Job Corps, currently funded at \$600 million, provides a combination of basic education, occupational training, and general living experience to school dropouts, aged 16 to 21, from disadvantaged households. The program enjoys bipartisan support, and studies indicate that corps members who complete the training enjoy considerable gains in post-program employment. The support from conservatives as well as liberals will make this program a difficult one to eliminate.

EMPLOYMENT AND TRAINING LEGISLATION INTRODUCED IN THE 99TH CONGRESS

I. Community Renewal Employment Act, H.R. 670

On January 24, House Education and Labor Chairman Rep. Augustus Hawkins (D-CA) reintroduced the Community Renewal Employment Act (H.R. 670, formerly H.R. 1036). The bill is essentially the same as the one which passed the House in September 1983, but which the Senate failed to act on during the 98th Congress.

The Community Renewal Employment Act is designed to provide employment opportunities to long-term unemployed individuals in areas of high unemployment through grants to state and local governments for labor costs associated with the repair, maintenance, or rehabilitation of essential public facilities. Participants would be individuals 16 years of age or older who have been unemployed 15 out of the last 20 weeks. The bill would earmark 20 percent of the community improvement project funds for part-time work combined with training for unemployed teenagers. Priority would be given to economically disadvantaged youth. The bill seeks an authorization of \$3.5 billion for FY 1986.

II. Youth Incentive Employment Act, H.R. 671

Also on January 24, Rep. Hawkins reintroduced the Youth Incentive Employment Act (H.R. 671, formerly H.R. 5017). The bill did not receive full Congressional action during the 98th Congress, being allowed to die at the Committee level. Prospects during this Congress are brighter.

The Youth Incentive Employment Act will provide employment opportunities for unemployed, economically disadvantaged youth as an incentive for such youth to remain in school or to return to school to improve their long-term employment prospects. Patterned after a successful demonstration project in the 1970s, this measure would provide part-time employment during the school year and full-time employment during the summer. The enrollees must agree to main-

tain minimum attendance and performance standards in an education program leading to a high school diploma or its equivalent or be in a remedial education program or approved training program. The bill authorizes \$2 billion for FY 1986 and such sums as may be necessary thereafter.

The National Council of La Raza assisted in the drafting of this bill by urging the incorporation of language which targeted youth of limited-English proficiency and which strengthened the role of community-based organizations in the delivery of employment services. In light of the extremely high dropout rates within the Hispanic community, this bill, if passed, could have a positive effect on improving the educational attainment of Hispanic youth.

STATUS OF THE HISPANIC WORKFORCE

I. Unemployment Rates

The unemployment rates for January 1985 are as follows:

- . Overall: 7.4%
- . White population: 6.4%
- . Black population: 14.9%
- . Hispanic population: 10.6%

These unemployment rates reflect a trend that has been in existence for quite a while: the Hispanic unemployment rate is 60% higher than that for the White population. Table I, attached, shows the 1984 unemployment rates for the White, Black, and Hispanic populations and reveals that double-digit unemployment is still a grave problem among the Hispanic and Black communities. Table II shows that throughout 1974-1984, a period which included two economic recessions and recoveries, Hispanic unemployment remained very high despite good economic gains experienced by the nation as a whole.

Though data from the Census and the Current Population Surveys exists on the labor market status of Hispanics, there is a void of policy analysis of this data and the implications for Hispanics. La Raza will gather and analyze data for the past ten years, including unemployment rates, labor market participation rates, participation in federal employment and training programs, employment by occupation/industry, weekly median incomes. A research report will provide a policy analysis of these trends in the status of Hispanic employment. The report should be available by Fall 1985.

TABLE I

UNEMPLOYMENT RATES 1984

(Seasonally Adjusted)

	OVERALL	WHITE	BLACK	HISPANIC
January 1984	8.0	6.9	16.7	11.2
February	7.8	6.7	16.2	10.2
March	7.8	6.7	16.6	11.3
April	7.8	6.7	16.8	11.5
May	7.5	6.4	15.8	10.5
June	7.1	6.1	15.0	10.0
July	7.5	6.4	16.9	10.6
August	7.5	6.4	16.0	10.7
September	7.4	6.4	15.1	10.7
October	7.4	6.4	15.4	10.9
November	7.2	6.1	15.0	10.0
December	7.2	6.2	15.0	10.2

TABLE II

ANNUAL AVERAGE UNEMPLOYMENT RATES

YEAR	TOTAL POPULATION	WHITE	BLACK	HISPANIC
1974	5.6%	5.0%	10.5%	8.1%
1975	8.5%	7.8%	14.8%	12.2%
1976	7.7%	7.0%	14.0%	11.5%
1977	7.1%	6.2%	14.0%	10.1%
1978	6.1%	5.2%	12.8%	9.1%
1979	5.8%	5.1%	12.3%	8.3%
1980	7.1%	6.3%	14.3%	10.1%
1981	7.6%	6.7%	15.6%	10.4%
1982	9.7%	8.6%	18.9%	13.8%
1983	9.6%	8.4%	19.5%	13.7%
1984	7.5%	6.4%	15.9%	10.6%
TOTAL AVERAGE	7.5%	6.6%	14.8%	10.7%